

JUN 14 2018

BEFORE THE COCHISE COUNTY GRAND JURY

BISBEE, ARIZONA

JUN 6 AM 9:25

THE STATE OF ARIZONA,)
Plaintiff,) No. GJ18-0150
vs.) No. CR-201800462
LONNEY McCOY,)
Accused.)

OFFICIAL COURT REPORTER'S
TRANSCRIPT OF PROCEEDINGS

Official Court Reporter's transcript of proceedings had before the Cochise County Grand Jury, in secret session, on the 10th day of May, 2018, in the Cochise County Courthouse, Bisbee, Arizona.

APPEARANCES:

MICHAEL POWELL, Esq.
Deputy County Attorney

COPY

VAN G. HONEMAN, RDR
OFFICIAL COURT REPORTER
Cochise County Superior Court
Bisbee, Arizona
AZ Certified Reporter #50335

GRAND JURORS PRESENT

TIMOTHY ATWELL
RALPH BAILEY
VANESSA L. BURELLI
EWAN CORDICE (Bailiff)
MICHAEL P. DENTON
ROGER HARDER
ROBERT E. KNOBLOCH (Clerk)
STEPHEN D. MILLER
DAVID C. PREMEAUX
MANUEL G. RIOS
TRACY M. SHILT (Foreperson)
RUBY A. STARNES

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PROCEEDINGS

3 MR. POWELL: All right. This is the
4 investigation of Lonney McCoy involving alleged offenses
5 of forgery, fraudulent schemes and artifices, money
6 laundering in the first degree, and aggravated taking
7 identity of another person which occurred on or between
8 March 9, 2017 and March 20, 2017 within Cochise County,
9 Arizona.

10 To assist you in determining whether or not
11 probable cause exists in this matter, the following
12 statutes may be appropriate: 13-2002?

13 GRAND JUROR KNOBLOCH: That one was read
14 today, everyone was here.

15 MR. POWELL: 2001?

16 GRAND JUROR KNOBLOCH: That was read today,
17 sections 4, 5, 6, 7, 8, 10 and 12.

18 MR. POWELL: That's fine.

19 105?

20 GRAND JUROR KNOBLOCH: That was read to
21 everybody on April --

22 MR. POWELL: All right. 13-2310?

23 FOREPERSON SHILT: Could you please repeat
24 that?

25 MR. POWELL: 13-2310.

1 GRAND JUROR KNOBLOCH: That has not been
2 read.

3 MR. POWELL: All right. 13-2310,
4 "Fraudulent schemes and artifices.

5 "A person who, pursuant to a scheme or
6 artifice to defraud, knowingly obtains any benefit by
7 means of false or fraudulent pretenses, representations,
8 promises or material omissions is guilty of a Class 2
9 felony.

10 "Reliance on the part of any person shall
11 not be a necessary element of the offense described in
12 subsection A."

13 I'll read subsection E as well. "As used in
14 this section, 'scheme or artifice to defraud' includes a
15 scheme or artifice to deprive a person of the intangible
16 right of honest services."

17 All right. 13-2301?

18 GRAND JUROR KNOBLOCH: That was read today
19 to everybody, sections B and (D)(4).

20 MR. POWELL: 13-2317?

21 GRAND JUROR KNOBLOCH: That has not been
22 read.

23 MR. POWELL: I am going to read you a couple
24 of specific sections here. I am going to read you (A)(1)
25 to start, money laundering.

1 "A person is guilty of money laundering in
2 the first degree if the person does any of the following:

3 "Knowingly initiates, organizes, plans,
4 finances, directs, manages, supervises or is in the
5 business of money laundering in violation of subsection B
6 of this section."

7 And then I am going to read to you a couple
8 of parts of subsection B, I'll read you subsection (B)(1).

9 "A person is guilty of money laundering in
10 the second degree if the person does any of the following:

11 "Acquires or maintains an interest in,
12 transacts, transfers, transports, receives or conceals the
13 existence or nature of racketeering proceeds knowing or
14 having reason to know that they are the proceeds of an
15 offense."

16 I'm also going to read you (B)(8), and so
17 that was (B)(1), this is (B)(8). "In connection with a
18 transaction with a financial institution or money
19 transmitter, intentionally or knowingly makes, uses,
20 offers or presents or attempts to make, use, offer or
21 present, whether accepted or not, a forged instrument,
22 a falsely altered or completed written instrument or a
23 written instrument that contains any materially false
24 personal identifying information."

25 All right. And let me go back to 2301.

1 I know part of that was read this morning. Maybe I have
2 got it wrong. No, here we go.

3 Okay. I am going to read you "financial
4 institution", which is 2301 (D)(3). "'Financial
5 institution' means any business under the jurisdiction of
6 the department of financial institutions or a banking or
7 securities regulatory agency of the United States,
8 a business coming within the definition of a bank,
9 financial agency or financial institution as prescribed by
10 31 United States Code Section 5312 or 31 Code of Federal
11 Regulations section 1010.100 or a business under the
12 jurisdiction of the securities division of the corporation
13 commission, the state real estate department or the
14 department of insurance."

15 And I'm looking it up here so I can give you
16 one additional statute. Okay. This is going to be under
17 6-1201, "'Money transmitter' means a person who is located
18 or doing business in this state, including a check casher
19 and a foreign money exchanger, and who does any of the
20 following:

21 "Sells or issues payment instruments.

22 "Engages in the business of receiving money
23 for the transmission of or transmitting money.

24 "Engages in the business of exchanging
25 payment instruments or money into any form of money or

1 payment instrument.

2 "Engages in the business of receiving money
3 for obligors for the purpose of paying that obligor's
4 bills, invoices or accounts.

5 "Meets the definition of a bank, financial
6 agency or financial institution as prescribed by 31 United
7 States Code section 5312 or 31 Code of Federal Regulations
8 Section 1010.100."

9 GRAND JUROR KNOBLOCH: Would you repeat that
10 code number again?

11 MR. POWELL: 6-1201. I know it may not be
12 in your book.

13 GRAND JUROR KNOBLOCH: 6-1201?

14 MR. POWELL: Yes. It's in our banking code,
15 our financial stuff.

16 Okay. The only other statutes would be
17 13-2009, which I know we read this morning, and 13-2001,
18 which also I know we read this morning.

19 Okay. Are there any grand jurors who would
20 like the statutes re-read or clarified at this time?

21 (No response.)

22 MR. POWELL: All right. I see no hands.

23 To assist you in determining whether or not
24 the admonitions may apply, the following individuals may
25 be witnesses in this case: Going to be Detective

1 Papatrefon, Sierra Vista police; David Vlasic;
2 Amelia Urrea; Vivian Read; Deborah Charbonneau.

3 (No response.)

4 MR. POWELL: I see no hands to any of those
5 individuals.

6 The witness to testify this afternoon is
7 going to be Detective Papatrefon.

8 Would the grand jury like me to read off the
9 counts of the draft indictment prior to the presentation
10 of evidence?

11 FOREPERSON SHILT: Yes.

12 MR. POWELL: Count One, forgery. On or
13 about March 20, 2017, Lonney McCoy, with intent to
14 defraud, offered or presented, whether accepted or not,
15 a forged instrument or one that contained false
16 information, all in violation of Arizona law.

17 Count Two, on or about March 20, 2017,
18 Lonney McCoy, pursuant to a scheme or artifice to defraud,
19 knowingly obtained a benefit by means of false or
20 fraudulent pretenses, representations, promises, or
21 material omissions, all in violation of Arizona law.

22 Count Three, money laundering in the
23 first degree. On or about March 20, 2017, Lonney McCoy
24 knowingly initiated, organized, planned, financed,
25 directed, managed, supervised, or was in the business of

1 money laundering, in violation of ARS Section 13-2317
2 (B)(8), all in violation of Arizona law.

3 You know, it just occurred to me, on
4 Counts Three, Five and Seven, this is more for -- well,
5 in the string citation where it says all in violation of
6 ARS section, section, section, where it says 2317 (B)(1),
7 that should probably read (B)(8) and that will apply in
8 Three, Five and Seven.

9 All right. Count Four, forgery. On or
10 about March 9, 2017, Lonney McCoy, with intent to defraud,
11 offered or presented, whether accepted or not, a forged
12 instrument or one that contained false information,
13 all in violation of Arizona law.

14 Count Five, money laundering in the first
15 degree. On or about March 9, 2017, Lonney McCoy knowingly
16 initiated, organized, planned, financed, directed,
17 managed, supervised or was in the business of money
18 laundering, in violation of ARS Section 13-2317 (B)(8),
19 all in violation of Arizona law.

20 Count Six, forgery. On or about March 13,
21 2017, Lonney McCoy, with intent to defraud, offered or
22 presented, whether accepted or not, a forged instrument or
23 one that contained false information, all in violation of
24 Arizona law.

25 Count Seven, money laundering in the

1 first degree. On or about March 13, 2017, Lonney McCoy
2 knowingly initiated, organized, planned, financed,
3 directed, managed, supervised, or was in the business of
4 money laundering, in violation of ARS Section 13-2317
5 (B)(8), all in violation of Arizona law.

6 Count Eight, aggravated taking identity of
7 another person. On or between March 9, 2017 and March 20,
8 2017, Lonney McCoy knowingly took, possessed or used
9 personal identifying information of three or more persons,
10 including real or fictitious persons, without the consent
11 of the other persons, with the intent to use the other
12 persons' identities for any unlawful purpose or to cause
13 loss to the persons whether or not the persons actually
14 suffered any economic loss, all in violation of Arizona
15 law.

16 Shall we get our detective? It's going to
17 be Detective Papatrefon, it's the guy in the red shirt.

18

19 JOHN PAPATREFON,
20 having been first duly sworn, was examined and testified
21 as follows:

22 EXAMINATION

23 BY MR. POWELL:

24 Q. Good afternoon.

25 A. Good afternoon.

1 Q. Could you please state your name and spell it out
2 for the court reporter?

3 A. John Andrew Papatrefon, P-A-P-A-T-R-E-F-O-N.

4 Q. And where do you work at?

5 A. The City of Sierra Vista.

6 Q. All right. In what capacity?

7 A. I'm a detective.

8 Q. And as a police detective, are you assigned to
9 any crimes?

10 A. Yes. I'm property crimes detective.

11 Q. Did -- well, earlier this year, did you have
12 reason to review bank records for a checking account held
13 by Lonney McCoy?

14 A. Yes.

15 Q. And as you were reviewing those accounts, did you
16 find three -- well, did you -- what kind of records did
17 you get when you were reviewing those accounts?

18 A. I had received a checking account from
19 Wells Fargo, so I was going over all the checks that had
20 been deposited into his account.

21 Q. And did you get images of checks that were
22 deposited into that account?

23 A. Yes, I did.

24 Q. Were there a couple of checks in particular that
25 caught your attention as possibly being suspicious?

1 A. Yes. There were three checks.

2 Q. Describe those checks.

3 A. Three checks were written out to Lonney McCoy.
4 One was from, on a Discover, like a promotional check you
5 get from your credit card. The other two were personal
6 checks from Bank of America.

7 Q. All right. And the Discover Card or Discover
8 check, who was the account holder for that check?

9 A. His name is David Vlasic, V-L-A-S-I-C.

10 Q. All right. And how much was that check made out
11 for?

12 A. The check was made out for twelve hundred
13 dollars.

14 Q. And what was in the memo line?

15 A. It said "companionship".

16 Q. Did you conduct -- well, when was that check --
17 well, I'll back up.

18 Did you conduct a follow-up investigation
19 with David Vlasic?

20 A. I did.

21 Q. All right. And is he a resident of
22 Cochise County?

23 A. Yes, he is.

24 Q. All right. Did you speak to him in person?

25 A. I did.

1 Q. All right. Did you ask him about the check?

2 A. I did.

3 Q. And did he have any knowledge of it?

4 A. He did not.

5 Q. Did he have any knowledge of who Lonney McCoy
6 was?

7 A. No, he did not.

8 Q. Was he seeking companionship with Lonney McCoy?

9 A. No. He's a married man and he's never --

10 Q. All right. Were you able to perhaps find out how
11 it was that Lonney McCoy might have come into possession
12 of a blank check belonging to David Vlasic?

13 A. The only thing Mr. Vlasic could say was he had a
14 Discover Card and from time to time he would get
15 promotional checks and he would throw them in the garbage,
16 and because he lives out in, I think it's off of Gleeson
17 Road, if you want to call it the Town of Gleeson, he
18 takes his garbage and brings it in to Sierra Vista, he
19 works at Cow Ranch and he deposits the garbage in the
20 dumpster where he works, so he thinks that maybe somebody
21 got ahold of his garbage.

22 Q. Did you also have Vlasic provide you with
23 handwriting samples?

24 A. I did.

25 Q. All right. Did they match the sample or the

1 handwriting that was on the check?

2 A. No, they did not.

3 Q. You mentioned that there were two checks written
4 out on Bank of America accounts. Was one of them on an
5 account held by Vivian Read?

6 A. That's correct.

7 Q. All right. And how much was that check for?

8 A. I don't recall. I think it was -- I can look.
9 I believe it was \$120 or \$180, 180 it was.

10 Q. All right. I am going to show you what's been
11 marked as Exhibit 1.

12 A. Yes, \$180 from Vivian Read.

13 Q. All right. Do you recognize that exhibit?

14 A. Yes.

15 Q. And what are the three pages that are shown?

16 A. These are the three checks that were in question.
17 The first one is of the Discover Card and then the second
18 two are for Bank of America.

19 Q. All right. So going back to the Vivian Reid
20 check, how much was that for?

21 A. \$180.

22 Q. All right. Did you conduct follow-up
23 investigation into that check?

24 A. I did.

25 Q. And were you able to speak with Vivian Reid?

1 A. I was not.

2 Q. And why not?

3 A. Ms. Vivian Reid passed away in April of '13,
4 2013, and the check was written April -- excuse me --
5 March 9, 2017.

6 Q. Going on to the next check, who was that check,
7 what account was that written on?

8 A. Ms. Deborah Charbonneau.

9 Q. All right. And for how much?

10 A. \$250.

11 Q. And again, did you conduct any follow-up with
12 Ms. Charbonneau?

13 A. I did.

14 Q. And what did you learn about Ms. Charbonneau?

15 A. Ms. Charbonneau was also deceased, she passed
16 away August of 2016.

17 Q. Was McCoy, did he actually deposit the \$1,200
18 check into his account?

19 A. Yes, he did.

20 Q. And the money actually went into it?

21 A. Yes, it did.

22 Q. All right. Was money -- did he deposit the other
23 two Bank of America checks?

24 A. Yes, he did.

25 Q. Did the bank successfully put money in there?

1 A. No, they did not.

2 Q. Did everything you described today occur within
3 Cochise County?

4 A. Yes, it did.

5 MR. POWELL: Are there any questions of this
6 witness?

7 (No response.)

8 GRAND JUROR KNOBLOCH: I have one question.
9 What initially started your investigation of this account?

10 THE WITNESS: The county attorney said
11 this was another fraudulent case I was working and I had
12 received the paperwork back on Mr. Lonney McCoy and I was
13 going through the records. I had put these aside during
14 my investigation because I was working another part of the
15 case and then I went back to these and started looking
16 into these checks that I found suspicious.

17 GRAND JUROR PREMEAUX: Was the standard
18 check, was that a -- check or was that a check that needed
19 to be paid out?

20 THE WITNESS: No, it was a -- check.

21 MR. POWELL: Any other questions?

22 (No response.)

23 MR. POWELL: All right. May the witness be
24 excused?

25 FOREPERSON SHILT: Yes.

1 MR. POWELL: Thank you.

2 (The witness was excused from the room.)

3 MR. POWELL: All right. Before we go
4 further, I'll just admonish the grand jury, you did hear
5 Detective Papatrefon talk about the fact that he was
6 investigating Lonney McCoy for some other things.

7 You are not to consider that when determining whether
8 there is probable cause as to these three counts.

9 You have to consider this independent, you must disregard
10 that when making your decision here today.

11 Having said that, are there any questions
12 for me?

13 (No response.)

14 MR. POWELL: There being no questions --

15 GRAND JUROR ATWELL: There was -- just for
16 information on this indictment, is the name Lonney McCoy
17 spelled two different ways on the indictment?

18 MR. POWELL: I suppose the grand jury can
19 look at the exhibit and determine which way they believe
20 Mr. McCoy spells his name and go with that.

21 Any other questions?

22 Or alternatively, I can have Detective
23 Papatrefon come in and indicate how it's spelled, and if
24 there is a question, we can bring him back in.

25 A GRAND JUROR: I don't feel that's

1 necessary.

2 MR. POWELL: Why don't I let you do that
3 during deliberations?

4 So I'll put on the record that I've left the
5 draft indictment for your consideration along with my
6 statute book.

7 The court reporter and I are leaving the
8 room.

9 (The grand jury deliberated in secret
10 session out of the presence of the
11 deputy county attorney and court reporter.)

12 MR. POWELL: All right. Has the grand jury
13 reached a decision?

14 FOREPERSON SHILT: Yes, we have.

15 MR. POWELL: And I guess I should ask,
16 have you made the change on all three copies?

17 FOREPERSON SHILT: I'm doing that right now.

18 So the jury has decided on Count One,
19 unanimous vote, true bill; Count Two, unanimous vote,
20 true bill; Count Three, unanimous vote, true bill;
21 Count Four, unanimous vote, true bill; Count Five,
22 unanimous vote, true bill; Count Six, unanimous vote,
23 true bill; Count Seven, unanimous vote, true bill;
24 Count Eight, unanimous, true bill.

25 MR. POWELL: I'll go ahead and sign.

1 Thank you.

2 - - -

3

4 C E R T I F I C A T E

5

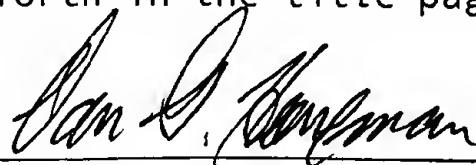
6 STATE OF ARIZONA)
7 COUNTY OF COCHISE) ss.

8

9 I, Van G. Honeman, do hereby certify that
10 as an Official Court Reporter for the Cochise County
11 Grand Jury, I reported the foregoing proceedings to
12 the best of my skill and ability; and that the same
13 was transcribed by me via computer-aided transcription;
14 and that the foregoing pages of typewritten matter are
15 a true, correct and complete transcript of all the
16 proceedings had as set forth in the title page hereto.

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VAN G. HONEMAN, RDR
OFFICIAL COURT REPORTER
Cochise County Superior Court
Bisbee, Arizona
AZ Certified Reporter #50335